Exemptions enjoyed by private colleges under the income Tax Act, 1961;

64. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that private colleges and coaching centres can avail of income tax exemptions under three separate clauses providing exemption under Sections 10(23C) and 11 and 12 of the Income Tax Act, 1961;

(b) whether it is a fact that these clauses overlap each other.

(c) what is the justification for providing exemption under separate clauses of sections 10 (23C) and 11 and 12; and

(d) whether it is also a fact that there are being misused by educational institution?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) "Yes", Private colleges and coaching centers not existing for private profit/gain can avail of income tax exemption u/s 10 (23C) and 11 and 12 subject to fulfilment of conditions prescribed therein. The conditions prescribed for claiming exemptions under these sections are different.

* Under Section 10 (23C) (iv) exemption can be claimed by a fund or institution established for charitable purposes and notified by the Central Government with regard to its objects and importance throughout the country or throughout any state or states.

* SectionIO (23C) (vi), that any university or other educational institution existing solely for educational purposes and not for purposes of profit, which may be approved by the prescribed authority, is eligible for exemption;

* Section 11 provides for exem ption of income from property held for religious or charitable purposes. Educational purpose is charitable purpose under Income Tax Act.

* Section 12 provides for exemption of income of charitable Trusts from voluntary contirbutions.

(b) and (c) "No" As explained above, the requirements of these clauses are different. However, there may be a case' in which the educational institution fulfills the requirements of one or more of these clauses.

(d) In case of any misuse, the Institution shall lose the exemption.

Loans to Farmers

65. SHRI SHAHID SIDDIQUI: Will the Minister of FINANCE be pleased to state:

(a) whether there are reports of incidents of suicide among farmers exploited by private money lenders through high rate of interest;

(b) whether financial institutions and bank are providing crop loan and other credit facilities to those poor farmers who do not have Pattadar Pass Book, and are agriculture tenants; and

(c) if so, the details thereof and if not, what plans have been made to doit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Suicide cases of farmers from certain parts of the country have been reported. Indebtness from formal and informal sources is only one of the many reasons for suicides by farmers.

(b) A Model Scheme for provision of crop loans through institutional sources to tenant farmers/oral lessees and farmers, who are hitherto not extended adequate credit support by the banks, has been prepared by NABARD. For this purpose, all such farmers are to be organized into groups known as Tenant Farmers' Groups (TFGs).

(c) Membership, constitution of groups, savings and thrift, linking of credit with saving/thrift, security, documentation, maintenance of accounts by banks etc. under the scheme are on the pattern of Self Help Groups (SHGs.) Loan eligibility of the group is linked with the thrift deposits mobilized by the group and the quantum of crop loan to be disbursed to the group will be to the extent of 1 to 4 times of their savings comprising the group's balance in saving account, amount held as cash with authorized persons, amount initially lent amongst the members, amount received as interest on the loans and any other contribution like grants, donations etc. received by the group. A higher ratio would be considered, provided banks